



## INTRODUCTION TO SHIPPING

### General comments:

The May 2024 paper had a nice spread of questions covering the central elements of the syllabus.

Most students made a very good attempt at core questions but with some still suffering from poor time management as was the case in the last sitting. Many students were able to complete most questions with a clear discussion using industry examples. The definitions could have been better attempted by some students. The element of structure is still weak for some students, have a clear introduction, discussion and conclusion is a critical part of exam technique. Overall the session was a good performance.

### Question 1:

**Answer all parts of the question.**

**Define and briefly discuss these maritime conventions.**

- a. **MARPOL**
- b. **ISM**
- c. **STCW**
- d. **SOLAS**

What was being looked for by the examiner:

This question was attempted by many students.

#### **MARPOL**

The MARPOL Convention is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments through the years. The International Convention for the Prevention of Pollution from Ships (MARPOL) was adopted on 2 November 1973 at IMO and covered pollution by oil, chemicals, harmful substances in packaged form, sewage and garbage

#### **ISM**

The purpose of this Code is to provide an international standard for the safe management and operation of ships and for pollution prevention. The Code establishes safety-management objectives and requires a safety management system (SMS) to be established by "the Company", which is defined as the shipowner or any person, such as the manager or bareboat charterer, who has assumed responsibility for operating the ship.

### **STCW (The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers)**

STCW 1978 sets qualification standards for masters, officers and watch personnel on seagoing merchant ships. It sets the minimum standards of competence required for seagoing personnel are given in detail in a series of tables. It contains recommended guidance which is intended to help Parties implement the Convention. The measures suggested are not mandatory and the examples given are only intended to illustrate how certain Convention requirements may be complied with.

### **SOLAS (The International Convention for the Safety of Life at Sea)**

This is an international maritime treaty that sets minimum safety standards in the construction, equipment and operation of merchant ships. The convention requires signatory flag states to ensure that ships flagged by them comply with at least these standards. The SOLAS Convention in its successive forms is generally regarded as the most important of all international treaties concerning the safety of merchant ships. The first version was adopted in 1914, in response to the Titanic disaster.

#### **Question 2:**

**Answer BOTH parts of the question.**

- a. Discuss the role and function of third-party ship managers?**
- b. Discuss any two ship management functions delegated to ship managers.**

What was being looked for by the examiner:

Many students were able to cover the main functions of a third-party ship manager. Many independent shipowners who have their own vessel operating capability, investors, banks, and leasing companies also buy ships but lack the necessary expertise. Some cargo owners also choose to own or control a portfolio of tonnage themselves, partly as a strategy to hedge risk. All such business entities, therefore, may choose to delegate various managerial functions to be third party ship managers.

Students are expected to discuss any two of the following:

#### **Technical**

The management contract may require the manager to provide technical management services such as:

- a. Ensuring that the vessel complies with the requirements of the Flag State.
- b. Ensuring compliance with the ISM/ ISPS Code.
- c. Providing competent personnel to supervise the maintenance and general efficiency of the Vessel.

## **Operations**

Department that runs the ship voyage operations including:

- a. Calculating how much bunker fuel will be the ideal quantity
- b. Calculating cargo carrying capacity
- c. Appointing Agents at all ports of call

## **Commercial**

Some owners choose to delegate commercial management functions as well. For example, a bank that forecloses a ship mortgage and repossesses the vessel may choose to operate it while waiting for a more substantial resale market. The bank will ask professional managers to perform commercial management functions, which could include:

- a. securing vessel employment under charter or other contracts of carriage,
- b. obtaining of proper marine insurance
- c. tending to other risk management issues.

## **Administration**

Ensuring the 'paperwork' and compliance with specific requirements are met including:

- a. Budgeting
- b. Legal
- c. Taxation

## **Crewing**

- a. Crew Management services may also be required such as:
- b. Crew recruitment.
- c. Arranging for the deployment of crew to and from the vessel.

**Question 3:**

**Answer BOTH parts of the question.**

**a. Describe the functions of the Bill of Lading and their importance.**

**b. What is an Endorsement, how is it used and why?**

What was being looked for by the examiner:

**Part a:**

Students are expected to cover the key functions of a B/L, this includes:

1. The Bill of Lading as a Receipt:

The bill of lading, being a receipt for the goods, contains a description of the goods received for shipment. This description provides evidence of to the quantity and quality of good shipped after being examined at loading.

2. Evidence of the contract of carriage:

Is conclusive evidence in favour of a person who has become the lawful holder of the bill, against the carrier of the shipment of the goods or, as the case may be, of their receipt for shipment. Such a bill of lading is not, however, conclusive evidence of statements as to the order and condition of the goods or any other such matters.

3. As a document of title:

The B/L here serves as a document that confers or proves ownership of the holder of the Bill of Lading when the goods are finally delivered at a predetermined destination. It gives the holder the authority to claim the shipment or assign it to someone else.

**Part b:**

For the release of cargo at destination and for the purpose of documentary credit negotiations, there are several endorsements required on a bill of lading. Destination port agent will issue release of cargo only after at least 1 of the issued original B/L are surrendered and after checking the endorsements on the back of the B/L as it is possible for this type of B/L to be endorsed or transferred to another company. This is an element that some students were unable to discuss appropriately.

**Question 4:**

**Discuss the role of Port State Control.**

What was being looked for by the examiner:

This was the not a popular question, but many students provided a satisfactory answer.

Port State Control (PSC) is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules.

These inspections were originally intended to be a back up to flag State implementation, but experience has shown that they can be extremely effective. The Organization adopted resolution A.682(17) on Regional co-operation in the control of ships and discharges promoting the conclusion of regional agreements. A ship going to a port in one country will normally visit other countries in the region and it can, therefore, be more efficient if inspections can be closely coordinated in order to focus on substandard ships and to avoid multiple inspections.

This ensures that as many ships as possible are inspected but at the same time prevents ships being delayed by unnecessary inspections. The primary responsibility for ships' standards rests with the flag State - but port State control provides a "safety net" to catch substandard ships.

**Question 5:**

**Answer BOTH parts of the questions.**

**Answer all parts of the question**

- a. Discuss what are voyage charterparties?**
- b. Discuss the following voyage charterparty clauses:**
  - i. Instructions to Master**
  - ii. Claims and Expenses**
  - iii. Communications with the Vessel**
  - iv. Cargo**
  - v. Freight Collection.**

What was being looked for by the examiner:

**Part a:**

This was the least popular question, and many students struggled with a correct answer.

The Voyage charter party is a written agreement for the maritime transport of a stated quantity and type of cargo, by a named nominated vessel between named seaports for the exchange of an agreed price, called "freight".

In the case of a fully loaded vessel in a voyage charter, the following operations can be developed;

1. One voyage trip
2. Round trip voyage trips
3. Series of voyage trips
4. Round trip with different seaports

**Part b:**

Students need to covered cost such as:

i) Instructions to Master:

The Operator must make the following details known to the Master by email or telex as soon as they are received after completion of charter party negotiations. In some cases this information will take the form of a recap and/or charterers voyage orders.

ii) Communications with the Vessel:

The Operator shall be responsible for day-to-day communications with the Master on post fixture operation matters in compliance with the CITM, the charterer's voyage orders and other relevant requirements. The specific means used and requirement for communication depend on the urgency of the situation.

iii) Cargo:

The Operator, by communicating with the Master, shall monitor that:

The cargo spaces have been accepted by the shippers

The correct amount of cargo agreed under the charter party has been loaded/discharged

There are no discrepancies in the bill of lading or shore to ship weights

iv) Freight Collection:

The Operator, with the assistance of the Assistant, is responsible for ensuring that freight is invoiced and collected in the most efficient and accurate manner possible. The Manager is to be informed of any freight collection problems should they arise.

v) Claims and Expenses:

The Operator will be responsible for ensuring that all claims and expenses applicable under a voyage charter are compiled as accurately as possible and submitted to the charterers in the most efficient manner. This includes claims for demurrage/despatch, charterer's expenses, cargo heating, hold cleaning, shifting etc.

**Question 6:**

**Answer all parts of the question.**

**Define:**

- a. Displacement tonnage**
- b. Light displacement**
- c. Deadweight**
- d. Explain how the Agent will know when the vessel is fully loaded.**

This was one of the weaker questions attempted by many students:

a. Displacement tonnage: the weight of the ship and all that it is carrying (cargo, bunkers, ballast, stores, crew etc)

b. Light displacement: the actual weight of the ship when it is empty of all cargo, stores, bunkers etc

c. Deadweight: the difference between light and load displacement. I.e the total weight a vessel can carry cargo, stores, bunkers etc.

d. An agent will know when the ship is fully loaded as it will have reached its summer marks based on a saltwater density of 1.025, and this will vary according to the water density, and the agent will need to check the density and make allowance accordingly.

**Question 7:**

**Answer ALL parts of the question:**

- a. Using the map of the world, identify two load and two discharge grain ports.**
- b. Using the map of the world draw the supporting trade routes used for the carriage of grain, including the load and discharge ports and the oceans, seas and waterways.**
- c. Identify and discuss two factors which may affect the demand and supply of grain.**

Part a and b was done fairly well but some students still are drawing the shipping route across the land.

**Part c:**

**Factors Affecting the Demand for Grain**

**1. Population Growth:**

Increased population leads to higher demand for food, including grains.

**2. Income Levels:**

Higher income levels generally increase demand for grains as people can afford more and better-quality food.

**3. Prices of Substitutes and Complements:**

Prices of other food products like meat, vegetables, and other staples can influence the demand for grains.

**4. Government Policies:**

Policies such as subsidies, taxes, and import tariffs can impact grain demand.

**5. Global Trade and Export Markets:**

Demand from international markets can affect overall demand for grain.

**Factors Affecting the Supply of Grain**

**1. Weather and Climate Conditions:**

Droughts, floods, and other adverse weather conditions can severely impact grain production.

**2. Technological Advancements:**

Innovations in farming equipment, techniques, seed varieties, and machinery can increase grain supply.

**3. Costs of input:**

Costs of seeds, fertilizers, pesticides, and labor can influence the supply.

**4. Government Policies:**



Policies such as subsidies, support prices, and regulations can affect grain production and supply.

5. Pest and Disease Outbreaks:

Infestations and diseases can reduce grain yields and affect supply.

Question 8:

Identify the following on the world map provided.

Lines of Latitude:

1. Arctic Circle
2. Tropic of Cancer
3. Equator
4. Tropic of Capricorn
5. Antarctic Circle

Water ways:

1. Bosphorus
2. Gibraltar Straits
3. Panama Canal
4. Malacca Straits
5. Suez Canal

Seas:

1. Caribbean Sea
2. Red Sea
3. Caspian Sea
4. Black Sea
5. Baltic Sea

Major ports:

1. Quebec
2. Rio de Janeiro
3. Fos
4. Yokohama
5. Busan

What was being looked for by the examiner:

This was not a popular question. Many students incorrectly positioned the tropics of Cancer, Capricorn, Arctic Circle and the Seas. Unfortunately, others were unable to correctly position ports in the correct countries also. This is a question which students can score top marks, much better preparation would go a long way in achieving higher marks on the maritime geography question.